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## FISCAL UPDATE Article

Fiscal Services Division

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### SPECIAL INVESTIGATION AUDIT — DEPARTMENT OF PUBLIC SAFETY

**Report Released.** On August 22, 2019, Auditor of State Rob Sand released a report on a special investigation of the Department of Public Safety (DPS) for the period of July 1, 2016, through August 15, 2018. The DPS requested the special investigation following numerous reports of concerns related to the incorrect processing of applications of individuals who applied for private investigator, private security, and/or bail enforcement licenses. Applications for these licenses are obtained from the Program Services Bureau of the Division of Administrative Services of the DPS. The Program Services Bureau administers private security/private investigator/bail enforcement agency licensing, weapon permits, and the Uniform Crime Reporting System.

According to the report, a former Clerk Specialist of the DPS was responsible for ensuring the performance of appropriate procedures prior to the issuance of licenses to individuals who applied for private investigator, private security, and/or bail enforcement licenses. As a part of these appropriate procedures, a Clerk Specialist must perform an Iowa and a nationwide background check. The audit report found that there was insufficient evidence that the former Clerk Specialist had completed such background checks. The report determined that between July 1, 2016, and August 15, 2018, a total of 5,817 licenses were approved and issued without the completion of a nationwide background check. Based on procedures performed in August 2019 alone, the validity of 869 license approvals is still pending.

In addition to completing background checks, the former Clerk Specialist was responsible for collecting fees associated with licensing procedures and transferring them into the correct accounts under the DPS administrative staff. The audit report also found that there were insufficient records to determine a comparison between the fee amounts collected and the collections recorded for issued licenses. The report determined that it is not possible to verify that all collections were deposited properly. The former Clerk Specialist was placed on administrative leave on August 16, 2018, and terminated from his position on November 6, 2018.

**Findings.** In addition to the findings listed above, the following findings were reported:

- **Undeposited Collections.** The DPS did not maintain sufficient information to determine the amount of collections the Department received from agencies and individuals for applications and fees for processing associated documents such as fingerprint cards. Such collections are to be tracked in agency drawdown accounts. The report determined that there was insufficient transaction data collection in these accounts, making it impossible to verify the accuracy of financial activity between the Department and agencies paying for license applications.
- **Application Tracking.** DPS officials did not account for numerical sequences of applications, making it impossible to determine if an application was properly returned, what license it was for, and if collections associated with the application had been correctly collected.
- **Improperly Issued Guard Cards.** Private investigator, private security, and/or bail enforcement licenses are commonly referred to as “guard cards” by DPS staff. The audit report determined that there was sufficient detail to verify that fees collected for guard cards were comparable to the number of guard cards issued. Additionally, it was determined that over 75.0% of issued guard cards were issued without the performance of a nationwide background check, and that there was insufficient documentation to verify that all license applications were subject to an Iowa background check before provisional approval.

- **FBI Reports.** The audit report determined that there was inconsistency and inauthenticity between FBI reports filed upon the completion of fingerprint processing.
- **Propriety of Private Investigator/Private Security/Bail Enforcement (PIPSBE) Information.** Data related to guard card applications is stored in a DPS data warehouse designated as PIPSBE. The audit report determined that FBI background check data entered in the PIPSBE system did not match background check data as processed by the FBI. Additionally, significant amounts of data regarding fingerprint cards could not be located in the data warehouse, which led to an overstatement of submissions and unreliable information.

### Recommended Control Procedures

- **Segregation of Duties.** The Auditor recommends that the various duties such as collecting funds, application verification, and application review should be segregated between Program Services Bureau staff.
- **Supporting Documentation.** It is recommended that DPS officials ensure that formal policies and procedures are established for all collection operations by the Program Services Bureau. Such policies should include reporting requirements on supporting documentation, initial receipts collected, and application and data reconciliation.
- **Software and Databases.** DPS supervisory officials should engage in periodic reviews of PIPSBE data to identify instances in which guard cards were issued but performance of a background check was not recorded.
- **Applications.** The Auditor recommends that DPS officials should consider extending individual application numbers to create unique control numbers. As past applications have not been properly tracked, extending the license application numbers to include additional data such as the fiscal year of application and pending applications would allow the Department to identify, separate, and analyze application data to determine an individual application's status.
- **Drawdown Accounts.** DPS officials should establish formal policies and procedures for implementing and maintaining drawdown accounts. In addition, the DPS should implement a tracking mechanism to ensure proper recording and identifying of drawdown activity between the Department and individual agencies.
- **Guard Cards.** The Auditor recommends that the DPS establish a process to ensure timely notification of guard card denials or revocations, including possibly assessing agencies a fee for non-returned provisional cards within a reasonable time frame. It is also recommended that DPS officials consider implementing policies and procedures to establish an expiration date for individual licenses to review the current eligibility of applicants.

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